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WORLD TRADE ORGANIZATION

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Thirtieth session

Geneva, 21 - 25 April 1997

ITC Global Trust Fund

Report of the Consultative Committee to the thirtieth session of the Joint Advisory Group

THE CONSULTATIVE COMMITTEE

1. During its twenty-eighth session (held in May - June 1995), the Joint Advisory Group (JAG) adopted a proposal to establish a Global Trust Fund (GTF) and a Consultative Committee, the latter to advise the ITC secretariat on, and to ensure transparency in, the utilization of the Fund. Following consultations on the Committee's composition and chairmanship, conducted by the JAG Chairman, the Committee was constituted in October 1995 and held its first meeting in November 1995, under the chairmanship of the ITC Executive Director.

2. In accordance with the Committee's working procedures, members are nominated for a period of one year, normally corresponding to the period between annual JAG sessions. In view of the late constitution of the Committee, its initial composition was renewed for one more year, starting from April 1996, when the JAG had its twenty-ninth session.

3. The Committee currently has the following 14 member countries: Argentina, Cameroon, Canada, Finland, France, Germany, India, Italy, Madagascar, Pakistan, the Russian Federation, Sweden, Switzerland and Venezuela. In addition, a number of countries were granted observer status on their request. These are the following: Algeria, Chile, China, Denmark, Japan, Latvia, Malta, Nepal, the Netherlands, Norway, Romania, Slovenia, and Turkey. The Committee also agreed in late 1996 to invite a representative of the European Union to attend its meetings as an observer.

4. Regarding its composition for the year following the thirtieth session of JAG, the Committee recommends that each regional grouping decides whether its representation should be extended for another year or whether one or all its representatives should be replaced by new members, taking due account of the need to ensure continuity in the Committee's work. It also suggests that in the future any country interested in proposing itself to become a representative of its region should request observer status in order to become acquainted with the Committee's procedures before the formal handover from the outgoing member.

THE COMMITTEE'S WORK

5. The Committee met three times during the period June 1996 - January 1997 to review reports submitted by the ITC secretariat on the implementation of programmes and activities financed from the two windows of the Global Trust Fund. In particular, the Committee examined the substantive aspects of the three programmes that were approved for financing under the Window II, namely:

- Uruguay Round follow-up: information dissemination, needs identification and capacity building;
- Trade information and market intelligence support to business information services within the UNCTAD Special Programme for Trade Efficiency (SPTE);
- International competitiveness programme for small and medium-sized export-oriented enterprises.

6. There have been extensive exchanges of views among Committee members and with the ITC secretariat concerning the scope, strategies, modalities of implementation and future orientations of these programmes. The main common issues discussed were the following:

- Cooperation with UNCTAD and WTO, and the search for synergies through networking with other organizations should be optimized to avoid duplication of work;
- Emphasis should be placed on capacity- building aspects;
- Whenever feasible, opportunities for cost-sharing by beneficiaries and by partner institutions should be secured;
- In deciding on the range of "products" and other materials to be generated, due consideration should be given to possibilities for adapting or refining already existing materials;
- The technological capacities of LDCs and SMEs for using modern telecommunication facilities and sophisticated computer-based tools should be taken into account;
- Once they have been finalized and tested, materials should be made available in English, French and Spanish;
- Attention should be given to the development of national or subregional programmes, as an extension of the results achieved through the interregional programmes;
- There should be continuing assessment of the needs and concerns of developing countries and economies in transition from the viewpoint of the Uruguay Round agreements, notably during dissemination seminars; and
- The programmes should be the subject of independent evaluation as planned.

7. The Committee also sought clarifications on, and made suggestions specific to, the individual programmes. Queries were raised regarding the utilization of the funds available under Window I. All observations were duly recorded and taken into account by the ITC secretariat, and this is reflected in the progress reports on the programmes. The Committee is satisfied with the contents of the reports, which meet its requirements.

8. The annexes to this report provide an overview of the contribution of Window I to ITC's overall programme of work (annex 2), and summaries of progress made within each of the three special programmes financed from Window II (annexes 3 to 5).

PLEDGES AND FINANCIAL REQUIREMENTS

9. The Committee was regularly informed of the status of pledges to the Global Trust Fund, and took note of clarifications provided by donor countries on the allocation of their contributions to the Fund. Annex 1 shows the situation in regard to both pledges and cash received as at 24 February 1997. Annexes 2 to 5 contain budgetary and financial data on individual accounts, and indicate requirements in terms of new pledges and cash contributions.

10. Several representatives of developing countries and the ITC secretariat stressed the importance of announcing contributions and effecting payments sufficiently in advance to ensure continuity in programme implementation.

11. As regards Window I, about US$ 2.2 million are required in 1997 to maintain the level of technical expertise and programme development work attained in 1996. Concerning the three programmes financed by Window II, which will continue in 1997 and 1998, confirmed and intended pledges for 1997 totalled US$ 2,006,470 as at 24 February 1997. Additional pledges totalling US$ 545,000 are therefore required for implementation at the levels planned. Contributions beyond that amount will permit either an enlargement of the scope of the existing programmes or the launching of additional ones to meet other priority needs of recipient countries.

Annex 1

GLOBAL TRUST FUND
SITUATION OF PLEDGES AND CASH RECEIVED
AS AT 24 FEBRUARY 1997
(US$)

DONOR	PLEDGES 1995-1999											CASH RECEIVED 1995-1998						CASH TO BE RECEIVED (W2)	
	Grand total	Window 1				Window 2						Grand total	Window 1	Window 2					
		Total	1995	1996	1997	Total	1995	1996	1997	1998	1999		1995-1996	Total	1995-1996	1997	1998	1996	1997
Canada	1,153,955	1,153,955	389,796	764,159	-	-	-	-	-	-	-	1,153,955	1,153,955	-	-	-	-	-	-
Finland	292,707	292,707	78,000	214,707	-	-	-	-	-	-	-	292,707	292,707	-	-	-	-	-	-
France	387,132	-	-	-	-	387,132	-	96,783	193,566	96,783	-	387,132	-	387,132	96,783	193,566	96,783	-	-
Germany	1,816,885	-	-	-	-	1,816,885	-	300,754	612,904	580,646	322,581	300,754	-	300,754	300,754	-	-	-	612,904
India	100,000	-	-	-	-	100,000	50,000	50,000	-	-	-	50,000	-	50,000	50,000	-	-	50,000	-
Italy	113,200	-	-	-	-	113,200	-	113,200		-	-	113,200	-	113,200	113,200	-	-	-	-
Sweden	1,213,617	1,063,617	535,906	527,711	-	150,000	-	150,000		-	-	1,213,617	1,063,617	150,000	150,000	-	-	-	-
Switzerland	4,700,000	500,000	-	500,000	-	4,200,000	1,500,000	1,500,000	1,200,000 a/	-	-	3,500,000	500,000	3,000,000	3,000,000	-	-	-	1,200,000
Trinidad & Tobago	1,039	1,039	1,039	-	-	-	-	-	-	-	-	1,039	1,039	-	-	-	-	-	-
TOTAL	9,778,535	3,011,318	1,004,741	2,006,577	-	6,767,217	1,550,000	2,210,737	2,006,470	677,429	322,581	7,012,404	3,011,318	4,001,086	3,710,737	193,566	96,783	50,000	1,812,904

a/ Intended pledge ($700,000 for Uruguay Round follow-up and $500,000 for SPTE).

Annex 2

Window I

1. Contributions under the GTF's Window I are used primarily to finance technical expertise and other inputs in the priority areas agreed by JAG for which insufficient resources are available from the regular budget. These are unearmarked contributions that are allocated by the ITC secretariat, taking due account of the advice of the Consultative Committee. The secretariat reports to the Committee regularly on specific inputs actually financed from Window I.

2. Funds available from pledges made in 1995 and 1996 (with the exception of a pledge which was confirmed only in late December 1996) totalled US$ 2.8 million, of which around US$ 2.4 million were allocated in 1996 to specific activities. A reserve of US$ 0.4 million was set aside for the first four months of 1997 to ensure the continuity of core staff financed from Window I, on the assumption that new pledges for 1997 would not be made at the very beginning of the year.

3. Funds available for programming in 1996, i.e. US$ 2.4 million, were allocated as follows:

- US$ 1.67 million were used to strengthen ITC's expertise and programmes, of which:
  - 41 % for full or partial financing of a number of core staff;
  - 4 % for missions by ITC staff;
  - 55 % for specific programme development activities supporting ITC's core programme of work. These included strategy formulation; the development and maintenance of databases; the Market News Service; the development of technical cooperation tools, such as learning systems and diagnostic tools, and publications. In this category, the flexibility provided by the GTF enabled ITC rapidly to mobilize funds for small projects and to adjust the design of activities to changing circumstances.
- Another substantial amount (US$ 414,000) enabled ITC, which cannot afford a permanent field representation, to liaise with cooperating countries and to respond to country-specific requests for in-depth assessment of needs and programme formulation work, whenever financing could not be made available locally. In many instances, GTF funding enabled ITC to ensure that the trade promotion dimension would be duly taken into account in the formulation of trade-related country programmes. This included, whenever appropriate, the development of project proposals for ITC's technical assistance.
- The balance of the available funds (US$ 305,000) was used (a) to initiate a revolving fund for trade flow analyses, (b) to hold expert meetings and (c) to conduct an independent evaluation of the subprogramme on product and market development (including MNS), for discussion at a future JAG session.

4. For 1997, it is essential for ITC to maintain at least the same level of technical expertise and programme development work as in 1996. As regards core staff, the specialized advisers who were financed (some of them partially) from Window I should continue to have secure funding. Moreover, a number of technical positions found necessary to enable ITC to deliver its mandate within established priorities could not so far be filled on a regular basis. These covered the following areas of specialization: promotion of trade in services, public procurement, international purchasing and supply management for SMEs, and training capacity development. Continuing support will be required for the Market News Service. There are also definite plans for several programme development activities, including the further development of databases and technical assistance products, and specialized inputs into the formulation and implementation of new strategies, including a strategy for product and market development activities as a follow-up to the evaluation of the subprogramme. In addition, ITC will continue to receive requests from developing countries and economies in transition for needs assessment and the formulation of tailor-made trade promotion programmes.

5. The requirements for 1997 should again include a reserve for the first months of 1998, in order to take into account the timing of pledges and the receipt of contributions. New pledges amounting to US$ 2.2 million for 1997 are therefore required.

BUDGETARY SITUATION
As at 24 February 1997

	Pledges				Implemented/ Programmed	Reserved for Jan - Apr 1997 a/	Additional requirements 1997 (incl. reserve for Jan - Apr 1998) a/	Total requirements 1996-1997
	1995	1996	1997	Total 1995-1997	As at 31 Dec 1996			
	(1)	(2)	(3)	(4 = 1 + 2 + 3)	(5)	(6)	(7)	(8 = 5 + 6 + 7)
Total	1,004,741	2,006,577	-	3,011,318	2,390,629	405,982	2,400,000	5,196,611
Technical expertise in established priority areas					1,671,034	405,982		
Formulation of tailor-made programmes (CS 6)					414,310	-		
Revolving fund					54,000	-		
Expert meetings					77,285	-		
Programme evaluation					174,000	-		

a/ Due to timing of pledges and receipt of contributions.

1997 Requirements	
Total budgetary requirements 1996-1997 (col 8)	5,196,611
Total pledges 1995-1997 (col 4)	3,011,318
Shortfall	2,185,293

Annex 3

Window II

Uruguay Round follow-up: Information dissemination, needs identification and capacity building

1. In the programme's first year, activities focused on the dissemination of information on the Uruguay Round oriented to the business community. Responding to increasing demand, 60 dissemination events were organized in close cooperation with counterparts in the host countries, involving more than 3,000 participants in 45 developing countries and economies in transition.

2. In 25 *Business Guide* seminars, ITC experts, jointly with WTO staff members and WTO-experienced consultants, presented and reviewed the practical implications of the multilateral trading system from a business perspective. A tailor-made analysis of the world market potential for the major export products of individual countries served as background information for discussions on trade prospects and opportunities under the new system.

3. Technical information relating to specific agreements or to selected product groups was disseminated in 35 "technical workshops". Partner organizations for the workshops were industry associations in the respective product sectors, standards bodies and packaging institutions for workshops covering TBT/SPS and related issues. National trade support service providers cooperated in their respective fields, as did international partner organizations such as FAO and ISO. Cooperation with international agencies is expected to expand in 1997. In most of the workshops, interested companies had opportunities for short individual consultations with the ITC experts.

4. ITC also contributed substantially to Uruguay-Round-related events organized by others (such as the EU/ACP Secretariat, WTO and business associations in developing countries), and participated in the joint WTO/UNCTAD/ITC integrated programme for eight African countries. This cooperation is expected to be more comprehensive in 1997.

5. Round tables organized in conjunction with seminars and workshops brought together business leaders and public-sector officials to discuss trade-related issues and identify priorities for follow-up. The resulting identification of major bottlenecks and areas of concern to the business community and the findings of a questionnaire for business organizations will serve as the basis for planning in the programme's second year of new activities in response to the most common and urgent needs. At a later date, a publication identifying and analysing the concerns of the business community will be issued. Extensive presentation materials, technical notes and practical guides were prepared and trainer training was initiated.

6. An ambitious schedule of information dissemination events is planned for 1997, with greater emphasis being placed on technical workshops in new areas and expanded cooperation with partner organizations. A programme of dissemination events for southern CIS countries and south-eastern Europe is being explored with UNECE. Higher priority will be given to capacity-building activities, involving conversion of existing notes and technical guides into professional training materials, an increased number of trainer-training events, and the design of pilot activities to facilitate the flow of information on the Uruguay Round to national business communities.

BUDGETARY SITUATION
As at 24 February 1997
(US$)

	Total pledges (1995-1998)	Estimated expenditures 1996	Requirements 1997	Requirements 1998	Total requirements (1996-1998)
	(1)	(2)	(3)	(4)	(5 = 2 + 3 + 4)
Total	3,594,304	1,362,100	1,812,900	1,200,000	4,375,000
1 *Business Guide* and joint seminars		536,050	450,000	100,000	1,086,050
2 Technical workshops		359,000	500,000	300,000	1,159,000
3 Publications		435,150	475,000	400,000	1,310,150
4 Capacity building		31,900	387,900	400,000	819,800

Total project duration 1996-1998	
Budgetary requirements (col 2 + 3 + 4)	4,375,000
Pledges 1995-1998 (col 1) a/	3,594,304
Shortfall	780,696

1997 requirements	
Budgetary requirements 1996-1997 (col 2 + 3)	3,175,000
Pledges 1995-1997 a/	3,013,658
Shortfall	161,342

a/ Including intended pledge.

Annex 4

Window II

Trade information and market intelligence support to business information services within the UNCTAD Special Programme on Trade Efficiency (SPTE)

1. The programme provides a contribution to the UNCTAD Special Programme on Trade Efficiency (SPTE), in line with the mandate given to ITC for the development of appropriate methods, tools and standards for trade information management and communication, and support to the business information services participating in the Global Trade Point Network (GTPNET). Initially designed for two years, the programme became fully operational in June 1996 and will therefore continue until mid 1998. Following an in-depth assessment of Trade Points' needs and considerable efforts to develop synergies with partners, activities under the main components of the programme are progressing as described below.

Information management. Direct advice is provided to develop trade information services, assess users' needs, access and use relevant information sources, and to design cooperation and training activities. Two guidebooks on the methodology for the assessment of users' needs and the design of strategic plans were produced, and additional guides and directories on information sources and methods (including Internet and commercial databases, CD-ROMs and other electronic materials) will be prepared and disseminated. Cooperation was developed with regional information networks in Africa (TINET), Asia (TISNET) and in the Arab States (IATIN), and with specialized networks such as ADFIAP (covering development banks worldwide) and the CIPA project (aimed at promoting trade in artisanal products in cooperation with the World Crafts Council). Further guidance will be provided on building up national and regional networks for data exchange, involving partner institutions such as trade promotion organizations, chambers of commerce and other business associations.

Tools and standards. Two documents were prepared on relevant standards for trade information processing. Following development and testing on company registers (COMREG) undertaken in cooperation with UNCTAD, UNECE and Trade Point specialists, the software and related users' instructions will be finalized and disseminated to Trade Points. Further guidance will be provided on the use of appropriate codes and standards for data interchange in cooperation with UNCTAD, UNECE/EDIFACT, WTO and IMF (classification of trade services).

Dissemination of Market News Service reports. Several Trade Points expressed interest in becoming agents or distributors for MNS reports. New dissemination methods and systems will be designed to widen the scope of the E-mail distribution of, and on-line access to, MNS reports.

Data exchange. The programme focuses on the development of value-added services complementing the electronic circulation of trade opportunities. A virtual exhibition on the Internet was launched for artisanal products; it will be developed and extended to other products. Some 300 product images can be viewed on the Internet at *http://www.unicc.org/itc/virtexib/vexhib1.htm*. Since its creation in September 1996, the site has had 2,000 visitors, indicating a monthly growth rate of 30%. The exchange of information and ideas between Trade Points and ITC is being pursued through the Internet forum. CD-ROMs covering documents and databases of interest to Trade Points may be produced.

Training. Seminars, workshops, study tours and in-service training for Trade Point managers and trade information specialists are organized in cooperation with partner institutions, and with UNCTAD/UNTPDC and TRAINFORTRADE. Training materials on trade information methods and sources are being produced.

2. Thanks to the development of synergies with complementary projects at the national and regional levels, the programme so far has covered a larger number of Trade Points (35) than initially planned (10). Half of the 35 Trade Points are still in the process of development. The programme will continue to keep a fair balance between activities of general interest (with outputs available to all GTPNET members) and specific activities (at the request of individual national or regional members). Particular attention will be given to low-income countries, using multi-speed technologies and related training programmes.

BUDGETARY SITUATION
As at 24 February 1997 a/
(US$)

	Total pledges (1995-1998) (1)	Estimated expenditures 1996 (2)	Requirements 1997 (3)	Requirements 1998 (4)	Total requirements (1996-1998) (5 = 2 + 3 + 4)
Total	1,500,000	679,400	832,600	488,000	2,000,000
1 Information management		147,800	185,000	102,000	434,900
2 Standards and tools		194,800	260,000	154,000	608,800
3 Market news and intelligence		184,700	190,000	105,000	479,700
4 Data communication		65,800	100,000	55,000	220,800
5 Training		86,300	97,600	72,000	255,900

Total project duration 1996-1998	
Budgetary requirements (col 2 + 3 + 4)	2,000,000
Pledges 1995-1998 (col 1) b/	1,500,000
Shortfall	500,000

1997 requirements	
Budgetary requirements 1996-1997 (col 2 + 3)	1,512,000
Pledges 1995-1997 b/	1,500,000
Shortfall	12,000

a/ The programme became operational in June 1996 for a period of 2 years; it has therefore been rescheduled to end in June 1998.

b/ Including intended pledge.

Annex 5

Window II

International competitiveness programme for small and medium-sized export-oriented enterprises

1. The International Competitiveness Programme for Exporting SMEs (ICPS) was launched in February 1996 with the central objective of addressing the information, training and advisory service needs of exporting SMEs to improve their export competitiveness and sustainability. While pursuing this objective, the programme seeks to extend geographical coverage by adopting the "product and network" approach. Under this approach, the "products" developed (e.g., learning tools and systems, diagnostic tools and practical guides, supported by operational research activities) are generic in nature, have a wide area of application but are designed to be customized to the specific needs of individual countries and industry sectors. Customization and dissemination are achieved through a "network" of national agencies consisting of trade promotion organizations, chambers of commerce, other business associations, training institutions and business advisers. The approach and the range of "products" take into account the different stages of development of the export sector in target countries and the possibility for adaptation in languages suited to the needs of target firms. While encouraging the use of modern information technology, the Programme provides a multiple technology option, offering its products and services in traditional printed media or in high-tech applications as appropriate.

2. Some of the planned "products" are ready for national adaptation and dissemination. Guide books on *Approaching Financial Institutions* and on the establishment and operation of *Export Trading Houses* for the marketing of SME products are planned for dissemination initially in selected countries in Africa and Asia. Similar other guides are planned. The generic version of *Trade Secrets : The Export Answer Book*, which answers the 100 questions most often asked by small exporters, and a *Process Manual* for its adaptation to individual countries, have been finalized. In the first phase, partner agencies in Brazil, India, Jordan, Kenya and Zimbabwe will adapt the answer book and publish national versions jointly with ITC. Additional country versions will be brought out periodically, addressing identified areas of interest to exporting SMEs.

3. The themes, structure and outlines of a comprehensive set of five issue-based generic training modules (an integral part of the Global Competitiveness Curriculum) have been finalized after field consultations. After testing and national adaptation, these modules will be presented by trained trade tutor teams acting through national partners, initially in Central America and Southern Africa, and possibly in Eastern Africa (specifically in the United Republic of Tanzania). Specialized modules will be added to the set in stages. Since bought-in inputs normally account for 50% - 60% of the SMEs' production costs, special IPSM diagnostic and learning tools are being developed for diagnosis and training in effecting economies in procurement and in supply management.

4. The *Export Fitness Checker*, on which work has commenced, will be a practical diagnostic tool for enterprises and business advisers alike. The *International Competitiveness Gauge*, for which the blueprint is ready, will help firms continually to assess their competitiveness within specific manufacturing sectors, both nationally and internationally. It will identify training and consultancy needs as well as needs for process change. The work on prototype development and trial installation for the automotive component sector in three countries, viz. Argentina, India and Kenya, will commence in early February 1997 and is expected to be completed by September 1997. The *Gauge* will then be extended to other countries and product sectors in phases.

5. A survey of computer and multimedia usage by firms and agencies in developing countries has been completed. (About 70 institutions and over 500 exporting SMEs were surveyed in 44 African, Asian and Latin American countries.) The findings of the survey will be disseminated in developing countries and will help determine the focus of future programme activities. Further research and dissemination will continue. Trial pages have been set up on the Internet at *http://www.unicc.org/itc/services/sme* under ITC's home page and will be further developed.

BUDGETARY SITUATION
As at 24 February 1997
(US$)

	Total pledges (1995-1998)	Estimated expenditures 1996	Requirements 1997	Requirements 1998	Total requirements (1996-1998)
	(1)	(2)	(3)	(4)	(5 = 2 + 3 + 4)
Total	1,200,332	509,700	965,300	925,000	2,400,000
1 Learning tools and systems		150,400	380,000	350,000	880,400
2 Diagnostic tools		142,500	350,000	280,000	772,500
3 Practical guides		107,500	130,000	120,000	357,500
4 Networking and national capacity building		109,300	105,300	175,000	389,600

Total project duration 1996-1998	
Budgetary requirements (col 2 + 3 + 4)	2,400,000
Pledges 1995-1998 (col 1)	1,200,332
Shortfall	1,199,668

1997 requirements	
Budgetary requirements 1996-1997 (col 2 + 3)	1,475,000
Pledges 1995-1997	1,103,549
Shortfall	371,451